



House Budget Committee

Democratic Caucus

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Highlights of the Democratic Alternative Budget

- ***Social Security and Medicare Solvency*** — The Democratic alternative budget extends the solvency of Social Security by as much as 15 years and Medicare by as much as 10 years.
- ***Protecting the Social Security Surplus*** — The Democratic budget doesn't spend a penny of the Social Security surplus and devotes \$365 billion of the non-Social Security surplus over ten years to additional debt reduction.
- ***Buying Back the Publicly Held Debt*** — The Democratic budget pays down more of the publicly held debt than Republicans because their budget spends the Social Security surplus once the full Republican tax cut and prescription drug benefit are provided. The on-budget deficits in the Republican resolution are even larger if the unrealistic future spending cuts assumed in the Republican resolution never materialize.
- ***Medicare Prescription Drugs*** — Beginning in 2001, the Democratic budget provides Medicare prescription drug coverage for all and protects low-income seniors from any cost-sharing requirements. Republicans don't say what they are doing. However, statements by Republican leaders indicate that they intend to cover only those with low incomes even though over half of those without Medicare drug coverage have incomes above 150 percent of poverty.
- ***Democrats Provide for the Repeal of the Social Security Earnings Test*** — Unlike the Republican budget, the Democratic plan includes the repeal of the Social Security Earnings Test in their budget.
- ***Military Retiree Health Care*** — Unlike the Republican plan, the Democratic budget allows military retirees to use their Medicare benefits at military treatment facilities (Medicare Subvention). The plan also creates pharmacy benefits for these retirees. Republicans ignore the health needs of military retirees.
- ***Democrats Repeal Increased Employee Contribution to Retirement Plans*** — Unlike the Republican budget, the Democratic plan repeals an increase in federal employees' payroll contributions to the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). The higher contribution rates are scheduled to expire in 2003. The Democratic plan restores federal employees' contribution rates to the lower 1997 levels two years early, saving federal employees \$1.2 billion. By contrast, the Republican budget fails to repeal this tax on federal workers.

- ***Access to Affordable Health Insurance for Families*** — The Democratic budget makes a down payment on a plan to allow the parents of children eligible for Medicaid or the State Children's Health Insurance Program (S-CHIP) to participate in the same program as their children.
- ***Democrats Increase Energy Research and Development (R&D) Funding*** — To address the problem of rising gasoline prices, the Democratic budget **increases** funding for energy programs including energy conservation and the development of alternative energy sources. The Democrats provide \$300 million more in *budget authority* and \$1.3 billion more in *outlays* than the Republicans over five years (2001-2005).
- ***Democrats Boost Basic Health Care and Research Programs*** — For 2001 alone, the Democratic budget provides over half a billion dollars (\$600 million) more than the Republican plan for health programs subject to annual appropriations. The Democratic plan preserves these health programs at their current level of services while increasing funding for NIH by \$1.0 billion over the 2000 level. Over five years (2001-2005), the Democratic plan provides \$3.8 billion more than the Republican plan for programs such as the National Institutes of Health, Centers for Disease Control, Maternal and Child Health, Ryan White AIDS grants, Substance Abuse and Mental Health Services Administration (SAMHSA), Food Safety and Inspection Service, and the Food and Drug Administration.
- ***Medicare Buy-In*** — The Democratic budget includes a Medicare Buy-In, which allows people between the ages of 55-64 to purchase Medicare benefits by paying a full premium. The plan also creates a tax credit to offset some of these premium costs.
- ***Expanding COBRA Coverage and Making It More Affordable for Workers*** — Fewer than 25 percent of those eligible for this coverage participate, in part due to cost. To make COBRA continuation coverage more affordable, the Democratic budget establishes a tax credit to offset some of the premium costs. In addition, Democrats allow retirees whose companies reneged on retiree health benefits to buy into their employers' health plan. The plan also creates a tax credit to offset some of these premium costs.
- ***Democrats Hire 100,000 Teachers*** — The Democratic increase for education is enough to continue the President's seven-year initiative to hire 100,000 new teachers to reduce the average class size and improve student achievement. For 2001, the Democratic budget includes enough to support about 49,000 teachers in the third year of funding.
- ***Democrats Renovate Schools*** — The Democratic budget provides tax credits and funding to help low-income school districts make needed repairs to crumbling schools. It fulfills the President's request for loans and grants to leverage nearly \$8 billion for about 8,300 renovation projects. It also includes new tax credits to pay the interest on almost \$25 billion in bonds to build and modernize an additional 6,000 public schools.
- ***Special Education Funding*** — The Democratic budget provides \$4.8 billion more than the Republican budget for education for 2001. This allows Congress to provide sufficient increases for special education while also funding the President's other top educational priorities.
- ***Lands Legacy Initiative*** — The Democratic budget fully funds the Administration's Land Legacy Initiative, which provides for acquisition of critical lands, park restoration,

habitat conservation, and coastal protection. Like the President's budget, the Democratic alternative also creates a special budget mechanism to ensure that the funding goes to conservation programs. The Democratic alternative also includes the Better America Bonds proposal as part of its tax package. This proposal would provide states and localities with a new financing tool for preserving or restoring green spaces.

- ***Veterans*** — For 2001, the Democratic budget provides \$22.3 billion in appropriations for veterans' programs, \$100 million more than the Republican plan and \$200 million more than the President's request (the vast majority of this funding is for veterans' health care). Over five years (2001-2005), the Democratic alternative provides \$1.0 billion more than the Republicans. In addition, the Democratic budget provides for an expansion in the Montgomery GI Bill education benefits, a key recruiting and retention tool for the armed services. The value of these benefits has failed to keep up with the spiraling costs of higher education.
- ***Democratic Budget Makes Working Families a Priority and Protects the Most Vulnerable*** — The Democratic budget recognizes that not all families have benefitted equally from the recent record economic expansion. It greatly expands economic opportunities for vulnerable people, particularly working families with children, through targeted tax cuts and investments in high priority programs. The Democratic budget expands the Earned Income Tax Credit and the Child and Dependent Care Tax Credit, increases funding for Head Start and child care subsidies for working families, fully funds Section 8 and provides an additional 40,000 incremental vouchers, improves the Food Stamp Program, increases funding for the Title XX Social Services Block Grant beyond the President's request, and restores benefits for certain legal immigrants.
- ***Law Enforcement Protected*** — The Democratic budget protects the FBI, the INS, the DEA, and the Customs Service by increasing purchasing power for justice programs by \$425 million in each year through 2005. The Democratic alternative beats the Republican plan in funding justice programs in every year, providing \$1.1 billion above the Republican budget for 2001; \$1.7 billion above the Republican budget for 2002; \$2.2 billion above the Republican budget for 2003; \$2.8 billion above the Republican budget for 2004; and \$3.3 billion above the Republican budget for 2005.
- ***Democrats Fund Medicare Anti-Fraud Activities*** — The Democratic budget maintains funds needed to crack down on Medicare fraud, waste, and abuse. The Republican budget freezes these funds for five years. Under the Republican plan, purchasing power is cut by 14.9 percent in 2005.